

Student loan interest rates will drop to an all-time low

BISMARCK - Interest rates for federal student loans will hit an all-time low in July, Bank of North Dakota (BND) officials told the State Industrial Commission today.

Beginning July 1, federal student loan interest rates will drop for the third year in a row to the lowest rate ever recorded by the bank resulting in significant savings for student and parent borrowers.

Most variable rate Stafford loans through Student Loans of North Dakota (SLND), a division of BND, will carry an interest rate of 2.82 percent while the borrower is in school, deferment, or grace. The current rate is 3.46 percent. Borrowers who are already repaying their loans will enjoy a rate of 3.42 percent, compared to the present rate of 4.06 percent. The Parent Loan for Undergraduate Students (PLUS) loan interest rate will drop from 4.86 percent to a record low of 4.22 percent. Stafford and PLUS loan interest rates are adjusted annually according to a formula based on the 91-day Treasury bill rates.

“Education is a priority in North Dakota and the new, lower federal loan rates will help make higher education more affordable for more people,” said Gov. John Hoeven.

“Consolidation of loans is something borrowers who are no longer attending school or have graduated should consider so they can lock in on an interest rate for the life of the loan,” said Attorney General Wayne Stenehjem.

Consolidation allows one or more eligible variable-rate loans to be combined into a new loan with a single monthly payment, fixed rate and extended repayment up to 30 years.

“The lower rates on federal loans and consolidation allows BND and SLND to continue their commitment of helping people achieve their dream of a higher education,” said Agriculture Commissioner Roger Johnson.

The lower federal education loan rates are effective through June 30, 2004.

“To offer the best rate to borrowers, BND is holding current consolidation applications until the lower rates go in effect in July,” said Eric Hardmeyer, BND president.

The nation’s only state-owned bank, BND was established in 1919 to encourage and promote agriculture, commerce and industry in North Dakota. The nation’s first federally insured student loan was made by BND in 1967.

BND is overseen by the Industrial Commission of North Dakota, consisting of Gov. John Hoeven as chairman, Attorney General Wayne Stenehjem, and Agriculture Commissioner Roger Johnson.